



Certified Public Accountants, LLP

**HUCKLEBERRY YOUTH PROGRAMS, INC.**

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**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Huckleberry Youth Programs, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Huckleberry Youth Programs, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Huckleberry Youth Programs, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Huckleberry Youth Programs, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018, on our consideration of Huckleberry Youth Programs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Huckleberry Youth Programs, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huckleberry Youth Programs, Inc. internal control over financial reporting and compliance.

*Harrington Group*

San Francisco, California

January 22, 2018

## HUCKLEBERRY YOUTH PROGRAMS, INC.

### STATEMENT OF FINANCIAL POSITION

June 30, 2017

With comparative totals at June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>					
Cash and cash equivalents (Note 2)	\$ 601,246	\$ 460,445	\$ -	\$ 1,061,691	\$ 985,902
Accounts receivable - net of allowance of \$8,000	643,515			643,515	887,785
Pledges receivable (Note 3)	1,500	125,000		126,500	255,000
Prepaid expenses and deposits	38,814			38,814	87,001
Property and equipment, net (Note 4)	203,333		77,437	280,770	289,692
<b>TOTAL ASSETS</b>	<u>\$ 1,488,408</u>	<u>\$ 585,445</u>	<u>\$ 77,437</u>	<u>\$ 2,151,290</u>	<u>\$ 2,505,380</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 50,610	\$ -	\$ -	\$ 50,610	\$ 176,807
Accrued liabilities (Note 5)	326,239			326,239	342,849
Accrued unemployment liability (Note 6)	30,000			30,000	30,000
Deferred revenues	83,921			83,921	-
<b>TOTAL LIABILITIES</b>	<u>490,770</u>	<u>-</u>	<u>-</u>	<u>490,770</u>	<u>549,656</u>
<b>NET ASSETS</b>					
Unrestricted	997,638			997,638	975,151
Temporarily restricted (Note 9)		585,445		585,445	903,136
Permanently restricted (Note 10)			77,437	77,437	77,437
<b>TOTAL NET ASSETS</b>	<u>997,638</u>	<u>585,445</u>	<u>77,437</u>	<u>1,660,520</u>	<u>1,955,724</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,488,408</u>	<u>\$ 585,445</u>	<u>\$ 77,437</u>	<u>\$ 2,151,290</u>	<u>\$ 2,505,380</u>

The accompanying notes are an integral part of these financial statements.

## HUCKLEBERRY YOUTH PROGRAMS, INC.

### STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

With comparative totals for the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
<b>REVENUE AND SUPPORT</b>					
Program service fees (Note 11)	\$ 4,319,510	\$ -	\$ -	\$ 4,319,510	\$ 3,709,144
Contributions and grants	913,344	513,605		1,426,949	2,214,747
Special events, net of expenses of \$130,506	156,365			156,365	304,013
Other income	38,749			38,749	13,322
Rental income	7,200			7,200	7,200
Net assets released from purpose restrictions	831,296	(831,296)		-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>6,266,464</u>	<u>(317,691)</u>	<u>-</u>	<u>5,948,773</u>	<u>6,248,426</u>
<b>EXPENSES</b>					
Program services	4,931,742			4,931,742	4,235,072
Management and general	756,294			756,294	469,700
Fundraising	555,941			555,941	532,669
<b>TOTAL EXPENSES</b>	<u>6,243,977</u>	<u>-</u>	<u>-</u>	<u>6,243,977</u>	<u>5,237,441</u>
<b>CHANGE IN NET ASSETS</b>	22,487	(317,691)		(295,204)	1,010,985
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>975,151</u>	<u>903,136</u>	<u>77,437</u>	<u>1,955,724</u>	<u>944,739</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 997,638</u>	<u>\$ 585,445</u>	<u>\$ 77,437</u>	<u>\$ 1,660,520</u>	<u>\$ 1,955,724</u>

The accompanying notes are an integral part of these financial statements.

HUCKLEBERRY YOUTH PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

With comparative totals for the year ended June 30, 2016

	Program Services						Support Services			Total Expenses		
	Huckleberry House	Huckleberry Wellness Academies	Cole Street Youth Clinic	Community Assessment and Resource	Huckleberry Teen Health Program	Huckleberry Advocacy and Response Team	Total Program Services	Management and General	Fundraising	Total Support Services	2017	2016
Salaries	\$ 677,761	\$ 422,840	\$ 509,088	\$ 628,518	\$ 327,216	\$ 355,331	\$ 2,920,754	\$ 472,781	\$ 315,555	\$ 788,336	\$ 3,709,090	\$ 2,947,082
Employee benefits	118,896	42,968	44,656	82,249	43,946	30,091	362,806	60,753	30,460	91,213	454,019	357,601
Payroll taxes	51,563	32,232	39,324	47,267	23,989	26,526	220,901	48,200	23,707	71,907	292,808	227,396
Total personnel costs	848,220	498,040	593,068	758,034	395,151	411,948	3,504,461	581,734	369,722	951,456	4,455,917	3,532,079
Subcontract payments			95,038	127,977	232,879	1,250	457,144			-	457,144	498,547
Occupancy		45,767	43,121	114,747	39,932	13,879	257,446	42,239	42,944	85,183	342,629	376,536
Consultants	9,380	46,336	20,420	7,987	31,710	2,166	117,999	17,950	64,247	82,197	200,196	171,780
Miscellaneous	4,519	6,141	17,617	2,412	2,881	32,430	66,000	18,319	5,673	23,992	89,992	43,596
AmeriCorps fee	42,000				28,000		70,000			-	70,000	70,000
Telephone	15,714	3,403	12,358	10,101	4,651	11,116	57,343	3,939	3,954	7,893	65,236	45,264
Travel	2,196	2,825	11,047	22,899	4,592	14,810	58,369	3,925	1,982	5,907	64,276	47,678
Licenses and fees	6,926	2,723	5,336	4,817	9,551	1,378	30,731	16,935	6,493	23,428	54,159	50,480
Training and meetings	4,421	2,819	8,650	5,749	6,819	4,717	33,175	8,277	3,738	12,015	45,190	34,444
Supplies	5,225	2,291	8,100	4,112	2,711	3,460	25,899	11,424	6,386	17,810	43,709	29,407
Utilities	11,890	3,662	7,820	48	4,333	2,935	30,688	4,867	4,944	9,811	40,499	39,752
Repair and maintenance	9,084	4,836	7,275	2,235	8,336	798	32,564	4,978	2,129	7,107	39,671	30,880
Depreciation	7,211	4,496	5,418	6,685	3,481	3,778	31,069	4,833	3,216	8,049	39,118	43,404
Food	12,934	10,483	2,843	1,410	706	5,107	33,483			-	33,483	25,351
Advertising and promotions	870	1,137	3,973	495	165	980	7,620	1,357	21,481	22,838	30,458	13,333
Interns and stipends		10,930	14,935		2,150		28,015			-	28,015	28,699
Equipment	15,113	1,498	3,785	29	2,765	1,034	24,224	1,691	216	1,907	26,131	31,119
Professional fees							-	23,400		23,400	23,400	23,400
Insurance	4,482	3,142	2,403	3,653	2,466	601	16,747	1,168	1,099	2,267	19,014	19,305
Printing and duplications	1,613	1,279	3,904	1,938	695	242	9,671	1,534	7,711	9,245	18,916	14,095
Van expenses	3,838	2,543	2,943		3,304	836	13,464			-	13,464	14,201
Equipment rental	2,962	1,524		2,930	1,700		9,116	1,494	1,609	3,103	12,219	12,215
Field trips and events		10,738	375	450		60	11,623			-	11,623	6,783
Board of director expenses							-	5,911	4,933	10,844	10,844	13,482
Postage and shipping	80	110	123	97	121	104	635	191	3,288	3,479	4,114	4,312
Subscriptions and publications	681	79	281	671	228	11	1,951	128	176	304	2,255	4,891
Education and recreation	426	191	652		621	111	2,001			-	2,001	6,681
Mentoring costs				304			304			-	304	595
Bad debt							-			-	-	5,132
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 1,009,785</b>	<b>\$ 666,993</b>	<b>\$ 871,485</b>	<b>\$ 1,079,780</b>	<b>\$ 789,948</b>	<b>\$ 513,751</b>	<b>\$ 4,931,742</b>	<b>\$ 756,294</b>	<b>\$ 555,941</b>	<b>\$ 1,312,235</b>	<b>\$ 6,243,977</b>	
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 866,483	\$ 621,391	\$ 919,574	\$ 953,236	\$ 874,388	\$ -	\$ 4,235,072	\$ 469,700	\$ 532,669	\$ 1,002,369		\$ 5,237,441

The accompanying notes are an integral part of these financial statements.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

With comparative totals for the year ended June 30, 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (295,204)	\$ 1,010,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,118	43,404
(Increase) decrease in operating assets:		
Accounts receivable	244,270	(262,582)
Pledges receivable	128,500	(237,500)
Prepaid expenses and deposits	48,187	(20,549)
Increase (decrease) in operating liabilities:		
Accounts payable	(126,197)	64,865
Accrued liabilities	(16,610)	40,600
Deferred revenue	83,921	-
	<u>105,985</u>	<u>639,223</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
	<u>105,985</u>	<u>639,223</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(30,196)</u>	<u>(41,835)</u>
	<u>(30,196)</u>	<u>(41,835)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>		
	<u>(30,196)</u>	<u>(41,835)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	75,789	597,388
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>985,902</u>	<u>388,514</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,061,691</u>	<u>\$ 985,902</u>

The accompanying notes are an integral part of these financial statements.



# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. Organization

Huckleberry Youth Programs, Inc. (“HYP”) is a California nonprofit public benefit corporation organized to provide services to adolescents, young adults, and their families in San Francisco and Marin counties. Founded on the belief that adolescence is a dynamic and challenging time of life, HYP’s mission is to educate, inspire, and support underserved youth to develop healthy life choices, to maximize their potential, and to realize their dreams.

The agency began in 1967 with the creation of **Huckleberry House**, the first adolescent crisis shelter in the country and the model for adolescent shelters funded since 1974 by the federal Runaway and Homeless Youth Act. Huckleberry House was developed as a community response to the large numbers of young people who came to San Francisco in the late 1960’s, some of whom were fleeing from very difficult situations and needed help on the road to becoming healthy, responsible adults.

Huckleberry House is a “first responder” to adolescents in crisis in San Francisco. The six-bed shelter operates a 24/7 crisis line and provides emergency services to over 270 homeless, runaway, and at-risk youth, ages 11-17, annually. Huckleberry House offers youth a safe place to stay and assistance with family reunification. All services are provided free of charge: emergency housing; case management; access to the Huckleberry Youth Health Center; three nutritious meals each day and healthy snacks; clothing and school supplies as needed; 24-hour supervision; monitoring of school attendance; health education on relevant topics; assistance with homework; and recreational, arts, and physical activities.

Young people at Huckleberry House – and at all other HYP programs – also have access to mental health counselors. Counselors provide adolescent assessment and individual therapy, comprehensive family assessments, family preservation counseling and family reunification therapy, and case management services to 150 youth, ages 11-21, and 80 families annually.

In addition to Huckleberry House, HYP operates four programs in San Francisco and Marin Counties. The **Huckleberry Youth Health Center** is the first full-time, community-based health center dedicated exclusively to teens and young adults in San Francisco. It is also the primary provider of health education workshops in San Francisco schools and after-school sites. Medical services, including primary and reproductive health care, are provided by caring peers and adults to over 3,500 youth annually.

**Huckleberry’s Wellness Academy** is a San Francisco/Marin community-based initiative preparing under-performing youth for college and careers in health care. The program recruits high-potential, under-performing, low-income youth – primarily youth of color – who are interested in health careers. Most will be the first in their families to go to college. The Huckleberry Wellness Academy provides academic assistance (including SAT/ACT preparation), health education training, college counseling, and wraparound support services. Most youth are placed in health care internships, including placement with HYP as Peer Health Educators.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. **Organization**, continued

The **Huckleberry Teen Health Program (“HTHP”)** is the primary provider of health access, youth development and other support services for underserved youth in Marin County. Services include weekly teen clinics in San Rafael and Novato, health workshops offered in schools and community sites, individual and family counseling, and case management. The agency was recently selected by the County to provide prevention counseling to youth referred by the Marin County Juvenile Drug Court. Many of HTHP’s 2,500 clients served annually are from the Canal District of San Rafael. The primary ethnic group (70%) in the Canal is Latino, including recent immigrants from Mexico and Central America. The program is located across the street from San Rafael High School.

**Huckleberry’s Community Assessment and Resource Center (“CARC”)** is considered one of the most successful community-based Juvenile Justice diversion programs in the U.S. Managed by HYP for the City and County of San Francisco, CARC provides a single point of entry for crisis intervention, assessment, service integration, and rehabilitation for over 350 youth – about one third of the youth arrested annually in the county. CARC case managers have successfully worked with youth to reintegrate them into schools, arrange for special education services, obtain mental health services, complete community service and probation requirements, and engage the youth in positive social, arts, athletic, and youth development programs.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of HYP are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

**Temporarily Restricted.** HYP reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit HYP to expend all of the income (or other economic benefits) derived from the donated assets.

#### **Cash and Cash Equivalents**

HYP has defined cash and cash equivalents as cash in banks and certificates of deposit with an original maturity of three months or less.

#### **Accounts Receivable**

HYP utilizes the allowance method with respect to its accounts receivable. The allowance represents an estimated amount of accounts receivable deemed potentially to be uncollectible.

#### **Contributions and Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

#### **Concentration of Credit Risks**

HYP places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. HYP has not incurred losses related to these investments.

The receivable balance outstanding at June 30, 2017 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of HYP's receivables consist of earned fees from contract programs granted by governmental agencies.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand five hundred dollars and the useful life is greater than one year.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and are recorded at fair value on a non-recurring basis in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value on a non-recurring basis in the period received.

A number of unpaid volunteers have made significant contributions of their time to HYP. However, the value of these services is not reflected in these statements because the criterion for recognition has not been satisfied.

#### **Income Taxes**

HYP is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by HYP in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. HYP's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Functional Allocation of Expenses

Costs of providing HYP's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. HYP uses direct costs and full-time equivalents to allocate indirect costs.

#### Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

HYP is required to measure pledged contributions at fair value. The specific techniques used to measure the fair value for the financial statement element is described in the notes below that relate to the element.

#### Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HYP's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

#### Subsequent Events

Management has evaluated subsequent events through January 22, 2018, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

### 3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Management deemed pledges fully collectible, accordingly no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at June 30, 2017. The discount on pledges receivable is deemed immaterial and none was recorded accordingly. Total amount of pledges receivable at June 30, 2017, of \$126,500, is expected to be collected within a year.

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 4. Property and Equipment

Property and equipment at June 30, 2017 consist of the following:

Land	\$ 113,413
Buildings	150,338
Building improvements	357,735
Leasehold improvements	287,388
Equipment, furniture, and fixtures	229,622
Vehicles	<u>70,619</u>
	1,209,115
Less: accumulated depreciation	<u>(928,345)</u>
	<u>\$ 280,770</u>

### 5. Accrued Liabilities

Accrued liabilities at June 30, 2017 consist of the following:

Accrued vacation	\$248,456
Accrued salaries	47,713
Other accrued liabilities	<u>30,070</u>
	<u>\$326,239</u>

### 6. Accrued Unemployment Liability

HYP has elected to be self-insured for the purposes of California State Unemployment Insurance. Estimated accrued unemployment liability at June 30, 2017 of \$30,000 represents estimated future claims arising from payroll paid to June 30, 2017. Unemployment expense paid for the year ended June 30, 2017 was \$7,249.

### 7. Line of Credit

HYP has a line of credit in the amount of \$300,000, from a bank, secured by a deed of trust, with payments payable monthly on the outstanding balance, at an interest rate that varies from 3.25% to 14.95%, due November 2026. There was no outstanding balance on the line of credit at June 30, 2017.

### 8. Commitments and Contingencies

#### Obligations Under Operating Leases

HYP leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 8. Commitments and Contingencies, continued

<u>Year ended June 30,</u>	
2018	\$354,400
2019	182,052
2020	131,541
2021	<u>135,138</u>
	<u>\$803,131</u>

Rent expense for facilities and equipment under operating leases for the year ended June 30, 2017 was \$354,848.

#### Contracts

HYP's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, HYP has no provisions for the possible disallowance of program costs on its financial statements.

### 9. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 consist of the following:

Health and mental health programs	\$172,500
Education	138,976
Core operating support	100,000
Others	60,000
Bruce Fisher fund	56,487
Teen health	37,482
50 <sup>th</sup> Anniversary	<u>20,000</u>
	<u>\$585,445</u>

For the year ended June 30, 2017, net assets released from purpose restrictions were \$831,296.

### 10. Permanently Restricted Net Assets and Endowment Funds

Permanently restricted net assets represent contributions of property which the donor has stipulated be used in perpetuity for HYP's programs. At June 30, 2017, permanently restricted net assets were \$77,437.

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization and requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds).

continued

# HUCKLEBERRY YOUTH PROGRAMS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 10. Permanently Restricted Net Assets and Endowment Funds, continued

HYP classifies as permanently restricted net assets, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by HYP.

Permanently restricted net assets at June 30, 2017 consist of land in the amount of \$77,437.

### 11. Program Service Fees

Program service fees for the year ended June 30, 2017 consist of the following:

Huckleberry House	\$ 938,099
Community Assessment and Resource Center	843,589
Huckleberry Teen Health Program	600,137
San Francisco Multi-service Center	487,129
Emergency Response to Commercially Sexually Exploited Children	424,168
Huckleberry's Cole Street Clinic	392,574
Child Abuse Treatment Program	370,179
Huckleberry's Wellness Academies	<u>263,635</u>
	<u>\$4,319,510</u>